

May 8, 2000

Charter Township of Delta  
7710 W. Saginaw Highway  
Lansing, Michigan 48917  
Attn: Janice Vedder  
Clerk

City of Lansing  
124 W. Michigan Avenue  
Lansing, Michigan 48933  
Attn: David C. Hollister  
Mayor

RE: Tri-Party Agreement between GM/Delta Township/City of Lansing  
("Tri-Party Agreement")

Lady and Gentlemen:

This letter will set forth our understanding and agreement concerning the design and construction of certain improvements proposed to be undertaken by the Charter Township of Delta ("Delta") and the City of Lansing (the "City") if General Motors Corporation ("GM") proceeds with the proposed construction of a manufacturing facility (the "Facility") in the Transferred Area, as defined in the Public Act 425 Agreement ("Act 425 Agreement"), attached, between Delta and the City.

The Parties acknowledge and agree that their obligations under this Tri-Party Agreement are expressly conditioned upon the condition precedent of the execution, consummation and successful defense of all legal challenges that may be made to an agreement between the City and Delta for the conditional transfer of jurisdiction of the Property from Delta to the City in the form set forth in the Act 425 Agreement, including provision for sanitary sewer, water and electric service to the Project.

Hereafter in this Agreement, references to "the City" includes all City of Lansing departments, bodies and agencies, including the Lansing Board of Water and Light ("BWL").

If construction of the Facility is approved by GM, the parties agree to the following:

1. Utility services for the Project shall be the responsibility and under the control of the following governmental unities, bodies or agencies:
  - a. Electric service by BWL ;
  - b. Water service by Delta;
  - c. Sanitary sewer service jointly by the City and Delta as specifically provided in Provision 2.3.A.2 of the Act 425 Agreement;
  - d. If provided: chilled water, hot water, steam process cooling water, de-ionized water, compressed air, air handling equipment, waste water pre-treatment and energy

management system by BWL.

e. Storm drainage by the Eaton County Drain Commissioner.

2. The infrastructure improvements for the project and service made available to GM are the following ("Infrastructure Improvements"):

Electricity by BWL as set forth in Exhibit A ("BWL Agreement");

Water by Delta – water delivery pumping and storage adequate to provide up to 1.6 million gallons per day at 90 - 100 psi residual and fire protection of approximately 2,500 gallons per minute at six plus hours flow, simultaneously. Water delivery facilities will be designed on a first contingency basis with single point metering. Any operational municipal water lines on site will be relocated by Delta Township at their expense.

Sanitary sewers jointly by Delta and the City, as specifically provided in Provision 2.3.A.2 of the Act 425 Agreement (including any pump station, force main and appurtenant facilities to be built on the Property to connect to the existing Delta sanitary sewer collection system). Delta will provide facilities adequate to permit collection and treatment of up to 600,000 – 800,000 gallons per day. Delta will provide a lift station and associated facilities on a first contingency design basis with single point metering and sampling provisions at the lift station together with rag collection and disposal provisions. Any operational municipal sewer lines on site will be relocated by Delta at their expense. Sanitary sewer billing will be based on actual flows discharged to the POTW.

Delta agrees to retain a technically qualified, competent and experienced consulting engineering firm to evaluate and make specific recommendations regarding the impact of a major automobile assembly and manufacturing facility on its sewage disposal and treatment. The study will be completed within six (6) months of receiving all relevant flow and loading data from GM, and authorization from Delta. After receipt of the recommendations in the study, Delta agrees to submit to its legislative body any changes that are recommended by the report as being appropriate in its sewer use ordinances as expeditiously as possible and consult with MDEQ regarding any unresolved matters.

The City and Delta shall work closely with GM in the development of plans, specifications and bid documents for any Infrastructure Improvements to ensure that the same are coordinated with the design, construction and operational needs and requirements of the Facility. Any approval for Infrastructure Improvements which requires GM's prior approval will be promptly provided and will not be unreasonably withheld. GM will provide Delta and Lansing with a written notice to proceed on all approved Infrastructure Improvements. Prior approval of GM shall not be required for work or change order work that does not increase the cost to GM, does not adversely affect either capacity or functionality of improvements or does not encroach on GM property.

Additionally, Delta will designate Amy McEwan, or such other person as may be designated by Delta, to act as a coordinator for Delta and the City in regard to all building and trade inspections, permitting and plan review issues regarding construction in the Transferred Area and of the Facility.

3. If construction of the Facility is approved by GM and if all requirements for construction are approved and in consideration of the investment of the Parties in Infrastructure Improvements, building and economic development in accordance with this Agreement, and the Act 425 Agreement, GM, Delta and the City agree as follows:
  - a. On July 1, 2001 and annually thereafter on July 1, for a period coterminous with the exemption for New Personal Property granted GM under MCL 211.9f, GM shall pay to the City an infrastructure improvement and service payment ("IISP") calculated on the equivalent of the taxable value of the New Personal Property ("ETV") located within that Industrial Development District within the City identified as IDD- 02-00 as follows:
    - i. for the part of the Property located east of a line approximately 350 feet west of the centerline of the right of way currently known as Guinea Road ("Parcel A"), the IISP shall be equal to .00848 times the ETV for the period of time the 1974 PA 198 tax abatement is in effect for Parcel A and, thereafter, the IISP shall be equal to .01696 times the ETV for the period of time equal to the balance of the term of the Act 425 Agreement.
    - ii. for the part of the Property located west of a line approximately 350 feet west of the centerline of the right of way currently known as Guinea Road ("Parcel B"), the IISP shall be equal to .00848 times the ETV for the period of time equal to the term of the Act 425 Agreement, unless, during the term thereof, the City approves a 1974 PA 198 tax abatement with Parcel B in which case the term will be the period of the 1974 PA 198 tax abatement. In the event of said approval, then upon the expiration or termination of the 1974 PA 198 tax abatement, the IISP shall be equal to .01696 times the ETV for the period of time equal to the balance of the term of the Act 425 Agreement.
  - b. For the purpose of determining the ETV of the New Personal Property to be used to compute the IISP, on or before February 20, 2001 and annually thereafter on or before February 20 for a period coterminous with the exemption for New Personal Property granted GM under MCL 211.9f, GM shall complete and deliver to the City a written statement in the form as prescribed in MCL 211.18 and 211.19, as amended, as to New Personal Property of GM located within IDD- 02-00.
  - c. As used in this Provision 3, "New Personal Property" shall mean personal property owned or leased by GM that: (a) is located within IDD- 02-00 on December 31, 2000, or on any assessment date thereafter; (b) qualifies for exemption from the collection of taxes imposed under the General Property tax Act, PA 206 of 1893, as amended, (GPTA), pursuant to the passage of a resolution by the City under MCL 211.9f; and (c) is not exempt from the collection of taxes imposed under the GPTA

by the operation of an exemption other than that provided under MCL 211.9f.

The obligation in this Provision 3 shall not be an encumbrance running with the land and applies only so long as the exemption for New Personal Property is held by GM or its wholly owned subsidiary.

The City will annually remit to Delta those amounts specified in Provision 3.1 of the Act 425 Agreement within 30 days of receipt by the City.

4. As required, GM will grant to the City one or more permanent easements, in recordable form in the real property described in Exhibit A of the Act 425 Agreement as necessary for public utilities and systems to serve the Facility from property GM owns as required for no additional consideration at a mutually agreed upon location.

As required, GM will grant to Delta one or more permanent easements, in recordable form in the real property described in Exhibit A of the Act 425 Agreement for public utilities and systems to serve the Facility from property GM owns as required for no additional consideration at a mutually agreed upon location.

5. After the commencement of construction of the Facility and the issuance of a Notice to Proceed pursuant to Provision 2, the City and Delta shall keep GM informed at reasonable intervals of the progress of the Infrastructure Improvements work and of the costs incurred in connection with the Infrastructure Improvements work.
6. If GM does not commence or complete construction of the Facility within the time provided for in the Act 425 Agreement §4.2C.(c), it shall repay the City and Delta for any cost including the fees and expenses attributable to the engineering and administration of the Infrastructure Improvements utility and right of way acquisition costs for which GM has issued a Notice to Proceed pursuant to Provision 2, subject to full disclosure and audit rights.
7. GM's obligation for any cost including the fees and expenses attributable to the engineering and administration of the Infrastructure Improvements utility and right of way acquisition costs is limited to this Agreement and will not extend to any other costs or expenses unless specifically agreed upon in writing by GM or approved by GM as provided in this Agreement.
8. This Agreement does not include nor is it intended to restrict or prohibit the government unit, body or agency from charging user, service, permit, inspection or utility rates or fees otherwise permitted by law, or set forth in the Act 425 Agreement.
9. Except to finish work required to make operational any partially completed utility, which is a component part of an integrated City or Delta utility system, or to close open excavation, the City or Delta shall immediately cease all work on the Infrastructure Improvements upon their respective receipt of written notice from GM to do so and GM shall not have any obligation for City costs or Delta costs incurred subsequent to the date of such notice or the completion of required work in progress, whichever last occurs, except as otherwise provided in this Agreement.

Anything contained herein to the contrary, each party shall be excused from performing any obligation hereunder, and any delay in the performance of any obligation hereunder shall be excused, while and so long as the performance of the obligation is prevented, delayed or otherwise hindered by acts of God, fire, earthquake, flood, explosion, actions of the elements, war, riots, mob violence, inability to procure or a general shortage of labor, equipment facilities, materials or supplies in the open market, failure of transportation, strikes, lockouts, actions of labor unions, condemnation, court orders, laws, regulations or orders of governmental or military authorities or any other cause, whether similar or dissimilar to the foregoing, not within the control of such party (other than lack of or inability to procure funds or financing to fulfill its commitments and obligations hereunder). Any party will notify all other parties of any force majeure event for which delay may be claimed within thirty (30) days of the occurrence of such event.

This Agreement shall bind the parties hereto, as well as, in the case of GM, its subsidiaries, and affiliated entities now in existence and hereinafter formed, in case of all of the parties, their successors in interest or assigns.

12. In the event any provision of this Agreement is held to be unenforceable or any portion of the Transferred Area is held to be invalidly transferred for any reason, the unenforceability or invalidity thereof shall not affect the remainder of this Agreement which shall remain in full force and effect and enforceable in accordance with its terms, except, in the event this Agreement is held to be void in its entirety, the Transferred Area shall return to Delta's complete jurisdiction, except for Lansing's jurisdiction over the electric systems within the area. If, because of the invalidity of any part of this Agreement or Agreements referenced herein, any party determines that the material purpose and intent of the Agreement has failed, the parties shall renegotiate in good faith to amend the Agreement to make it valid and satisfactory to all parties.
13. All duties and obligations of the parties created under this Agreement shall be considered as being performed in Eaton County.

Please confirm our understanding and agreement by signing a copy of this letter where noted below.

Very truly yours,

**GENERAL MOTORS CORPORATION**

By: 

Its: DIRECTOR, WORLDWIDE REAL ESTATE

ACKNOWLEDGED AND AGREED

CHARTER TOWNSHIP OF DELTA

By: [Signature]

Its: Supervisor

CITY OF LANSING

By: Tim C. Halloran

Its: Mayor

APPROVED AS TO FORM

By: [Signature]  
Attorney for Delta Township

By: [Signature]  
Lansing City Attorney

By: [Signature]  
General Motors Corporation

I hereby certify that funds are available  
Acct. No. [Signature]  
Robert W. Swanson, Finance Director

## EXHIBIT A

General Motors Corporation (GM) has entered into an Infrastructure Reimbursement Agreement between it, the City of Lansing, and the Charter Township of Delta. GM intends to construct a vehicle assembly plant and develop certain Property in Eaton County, Michigan and this Property will be conditionally transferred to the City of Lansing. The Board of Water and Light (BWL) is authorized to provide certain utility infrastructure and utility services to the Property to be transferred, and GM desires to receive certain utility services from the BWL.

The BWL and GM have previously entered into an agreement for electric service (Electric Agreement) whereby GM is required to purchase from the BWL all electrical supply and delivery requirements of GM facilities which are located in the BWL's service area. BWL and GM desire, through this Letter Agreement, to amend the Electric Agreement and extend its term, but only as applicable to the vehicle assembly plant, Lansing Grand River Assembly and any future GM Plants.

The BWL and GM desire to set forth their mutual understanding regarding the provision and receipt of those utility services to the Property and, accordingly the parties agree as follows:

### A. INFRASTRUCTURE OBLIGATIONS

1. The BWL will provide equipment to provide electrical power to the Property, for construction purposes, including up to 10 transformers to the low voltage terminals of the transformers. The BWL will bear the expense of this equipment up to an amount not to exceed \$350,000.00. Any costs in excess of this amount will be borne by GM. The BWL will bill all costs in excess of \$350,000.00 to GM. The BWL will also provide electric service and bill all electricity used for construction purposes to GM or as otherwise instructed.

2. The BWL will provide a loop feed 138 kV supply to the Property, and a double ended 138/13.8 kV substation, and required 138 KV facility relocation expenses. The BWL will bear the expense of the 138kV supply and substation up to an amount not to exceed \$5,000,000.00. Any costs in excess of this amount will be borne by GM *and* payable by GM upon incurrence by the BWL. In addition, the BWL will bill all electricity used to GM. GM will grant to the BWL all easements necessary to provide these facilities in a timely manner. In addition, the BWL will credit GM with repayment of the cost of the 138 kV line and substation by applying, for purposes of calculation, and revenue recovery the BWL Economic Development Rider (EDR) to electricity used by GM for the vehicle assembly plant. Any amount not so credited by the end of the EDR period will be billed to GM.

2a. The BWL will use best efforts to meet the construction schedules determined by BWL and GM. If required by GM to meet the construction schedule, the BWL may relocate one or two existing 138kV/13.2kV, 30 MVA or larger transformers with LTC's from existing sources within the BWL service territory to a substation facility serving the Platinum New Vehicle Assembly plant. GM assumes the risk and responsibility of the reliability and adequacy of such transformers and plant supplies; subject to test and inspection by the BWL. In the event these transformers require replacement due to loading or any other reason, GM will be responsible to pay the cost of removal and replacement, subject to the BWL standard policies and procedures.

Significant total capital cost expenditure reduction by utilization of existing customer facilities will be resolved by GM and BWL with credits for such facilities use subject to mutually agreeable arrangements and shared benefits between GM and BWL.

## **B. UTILITY SERVICE OBLIGATIONS**

1. The BWL will provide electric utility service to the Property in accordance with its published rates, rules and regulations, and GM agrees to pay for such service in accordance with the BWL rates.

2. The BWL will stand ready to provide chilled water for air conditioning and process requirements, steam, de-ionized water, hot water, electrical supply and distribution, waste water pre-treatment, air handling equipment and an energy management system, subject to mutual agreement between the BWL and GM regarding the terms, conditions and cost of providing these services.

## **C. AMENDMENT OF ELECTRIC SERVICE AGREEMENT**

1. Section 3.2 of the Electric Service Agreement dated December 20, 1996 between the BWL and GM is amended by the addition of the following terms and will be formally executed as soon as practicable:

"The term of this Agreement, but only as it applies to the Lansing Grand River Assembly Plant, the proposed new Platinum vehicle assembly plant, if built and operated, and any future Plants, located in the BWL service area, shall run for a period of fourteen (14) years from the Commercial Operation date of the vehicle assembly plant".

2. Except as modified herein, the Electric Service Agreement shall remain in full force and effect and this amendment shall inure to the benefit of the parties."

LHW/bb  
3/21/00